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UTAH ATTORNEY GENERAL
MARK SHURTLEFF

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Contact
Paul Murphy:
(801) 538-1892
pmurphy@utah.gov

FATHER & SON SENTENCED FOR TAKING CAR INVESTORS FOR A RIDE

A judge ordered a Weber County used car dealer and his son to pay back nearly $700,000 to their victims or end up on probation indefinitely. Scott Lamar Rhoads, 51, pleaded guilty to four third-degree felony counts of attempted securities fraud and his son Zacharia Lamar Rhoads, 25, pleaded guilty to one class A misdemeanor count of attempted sale of an unregistered security.

Second District Judge Roger Dutson ordered both men on Monday to serve four years probation or until all restitution has been paid. They have already paid $50,000 and the judge ordered them to pay $10,000 each month. The total restitution owed is approximately $681,000 but that amount is still in dispute.

"I am grateful that the judge is doing everything possible to hold these con men accountable for their crimes and help make the victims whole," says Attorney General Mark Shurtleff.

From February 2003 through October 2005, the two men convinced nine investors to give more than $800,000 for 800 promissory notes in AutoRama. Investors were told the money would purchase vehicles at wholesale and each note would be secured by the vehicle identification number (VIN). Investors were promised they would make $250 after each car was sold.

By November 2004 some victims were not getting their payments and all payments stopped by June 2005. Investigators learned that AutoRama did not have ownership of the cars and the same VIN numbers were being used on numerous promissory notes and invoices. Some investors also didn't know that Scott Rhoads was the former owner of Dusty's Car Dealership and was convicted in 1991 for failing to deliver car titles to new owners and failing to notify the state of car sales. Scott Rhoads also filed for bankruptcy a year earlier.

"The victims in this scheme were taken for a ride," says Utah Division of Securities Director Wayne Klein. "Investors should check out whether investment offerings are registered before giving money to promoters, even with promises of safety and guaranteed profits."

This case was prosecuted by Assistant Attorney General Neal Gunnarson and investigated by Diana Parrish, an investigator for the Division of Securities.

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